



General Assembly

January Session, 2015

***Raised Bill No. 884***

LCO No. 3396



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING PROHIBITED ACTS OF MORTGAGE  
SERVICERS AND A CERTIFICATE OF GOOD STANDING IN THE  
FORECLOSURE MEDIATION PROGRAM.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 36a-719h of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective October 1, 2015*):

3 No mortgage servicer shall:

4 (1) [Directly or indirectly employ] Employ any scheme, device or  
5 artifice to defraud or mislead mortgagors or mortgagees or to defraud  
6 any person;

7 (2) Engage in any unfair or deceptive practice toward any person or  
8 misrepresent or omit any material information in connection with the  
9 servicing of the residential mortgage loan, including, but not limited  
10 to, misrepresenting the amount, nature or terms of any fee or payment  
11 due or claimed to be due on a residential mortgage loan, the terms and  
12 conditions of the servicing agreement or the mortgagor's obligations  
13 under the residential mortgage loan;

- 14       (3) Obtain property by fraud or misrepresentation;
- 15       (4) Knowingly [misapply or recklessly apply] or recklessly misapply  
16 residential mortgage loan payments to the outstanding balance of a  
17 residential mortgage loan;
- 18       (5) Knowingly [misapply or recklessly apply] or recklessly misapply  
19 payments to escrow accounts;
- 20       (6) Place hazard, homeowner's or flood insurance on the mortgaged  
21 property when the mortgage servicer knows or [has reason to know]  
22 should have known that the mortgagor has an effective policy for such  
23 insurance;
- 24       (7) Fail to comply with section 49-10a;
- 25       (8) Knowingly or recklessly provide inaccurate information to a  
26 credit bureau [, thereby harming a mortgagor's creditworthiness] that  
27 results in harm to a mortgagor's creditworthiness;
- 28       (9) Fail to report both the favorable and unfavorable payment  
29 history of the mortgagor to a nationally recognized consumer credit  
30 bureau at least annually if the mortgage servicer regularly reports  
31 information to a credit bureau;
- 32       (10) Collect private mortgage insurance beyond the date for which  
33 private mortgage insurance is required;
- 34       (11) Fail to issue a release of mortgage in accordance with section  
35 49-8;
- 36       (12) Fail to provide written notice to a mortgagor upon taking action  
37 to place hazard, homeowner's or flood insurance on the mortgaged  
38 property, including a clear and conspicuous statement of the  
39 procedures by which the mortgagor may demonstrate that he or she  
40 has the required insurance coverage and by which the mortgage  
41 servicer shall terminate the insurance coverage placed by it and refund

42 or cancel any insurance premiums and related fees paid by or charged  
43 to the mortgagor;

44 (13) Place hazard, homeowner's or flood insurance on a mortgaged  
45 property, or require a mortgagor to obtain or maintain such insurance,  
46 in excess of the replacement cost of the improvements on the  
47 mortgaged property as established by the property insurer;

48 (14) Fail to provide to the mortgagor a refund of unearned  
49 premiums paid by a mortgagor or charged to the mortgagor for  
50 hazard, homeowner's or flood insurance placed by a mortgagee or the  
51 mortgage servicer if the mortgagor provides reasonable proof that the  
52 mortgagor has obtained coverage such that the forced placement  
53 insurance is no longer necessary and the property is insured. If the  
54 mortgagor provides reasonable proof that no lapse in coverage  
55 occurred such that the forced placement was not necessary, the  
56 mortgage servicer shall promptly refund the entire premium;

57 (15) Require any amount of funds to be remitted by means more  
58 costly to the mortgagor than a bank or certified check or attorney's  
59 check from an attorney's account to be paid by the mortgagor;

60 (16) Refuse to communicate with an authorized representative of the  
61 mortgagor who provides a written authorization signed by the  
62 mortgagor, provided the mortgage servicer may adopt procedures  
63 reasonably related to verifying that the representative is in fact  
64 authorized to act on behalf of the mortgagor;

65 (17) Conduct any business covered by sections 36a-715 to 36a-719l,  
66 inclusive, without holding a valid license as required under said  
67 sections, or assist or aid and abet any person in the conduct of business  
68 without a valid license as required under this title;

69 (18) Negligently make any false statement or knowingly and  
70 wilfully make any omission of a material fact in connection with any  
71 information or reports filed with a governmental agency or the system

72 or in connection with any investigation conducted by the Banking  
73 Commissioner or another governmental agency; or

74 (19) Collect, charge, attempt to collect or charge or use or propose  
75 any agreement purporting to collect or charge any fee prohibited by  
76 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b.

77 Sec. 2. Section 49-31u of the general statutes is repealed. (*Effective*  
78 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	36a-719h
Sec. 2	<i>from passage</i>	Repealer section

***Statement of Purpose:***

To make technical changes to the statute concerning prohibited acts of mortgage servicers, and to repeal the certificate of good standing requirement in the foreclosure mediation program.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*